

The Smithfield Town Council met in Special Session on Thursday, September 20, 2018 at 7:00 p.m. in the Council Chambers of the Smithfield Town Hall, Mayor M. Andy Moore presided .

Councilmen Present:

Mayor Pro-Tem Scott
Emery Ashley, At-Large
David Stevens, District 2
Dr. David Barbour, District 4
Stephen Rabil, At-Large

Councilmen Absent

Marlon Lee, District 1
John A. Dunn, At-Large

Administrative Staff Present

John Blanton, Fire Chief
Greg Siler, Finance Director
Shannan Parrish, Town Clerk

Call to Order

Mayor Moore called the meeting to order at 7:00 PM

Approval of Agenda

Mayor Pro-Tem Scott made a motion, seconded by Councilman Ashley, to approve the agenda as submitted. Unanimously approved.

Item:

Consideration and Approval to accept loan conditions for a 20 year USDA loan in the amount of \$1,126,105.00 for the purchase of a 100 foot aerial ladder truck

Finance Director Greg Siler addressed the Council on a request to consider and approve USDA loan conditions associated with the financing of the Ladder Truck. Mr. Siler explained the Town hasn't received formal approval of the loan. Mr. Siler further explained when attempting to borrow from the USDA, the process is lengthy and the Town must follow their guidelines for the life of the loan. They require the Town to be ADA and EEOC compliant. Mr. Siler further explained that USDA will not compete with commercial lenders. If the Town was able to find a commercial lender that was competitive with the USDA rate and term, USDA would not make the loan for the Town. The advantage to the USDA loan was they were willing to lock in the 3.875% rate now even though it would be more than a year before the ladder truck was purchased. If the Town Followed their procedure, the Town could request an interest rate reduction in the event that rates decreased.

Mayor Pro-Tem Scott questioned if the Town could budget extra funds each year in an effort to reduce the total amount of interest over the life of the loan which equated to \$512,835 over a twenty year period. Mr. Siler responded there was no penalty for early repayment, but he would need to find out if extra principle payments could be made.

Councilman Ashley suggested the Town do a principle reduction when the loan was made.

Councilman Barbour stated that if in five years a commercial lender was competitive, the Town would be required to refinance the balance of the loan.

Mayor Pro-Tem Scott questioned if there was grant money associated with this loan. Mr. Siler responded the USDA was not offering any grant funding for the ladder truck

Councilman Ashley made a motion, seconded by Councilman Rabil, to accept the conditions of the USDA loan for the purchase of the 100 foot aerial fire truck. Unanimously approved.

{Attached by Reference and made a part of these official minutes are the USDA Loan Conditions}

Adjourn

There being no further business, Councilman Ashley made a motion, seconded by Mayor Pro-Tem Scott, to adjourn the meeting. The meeting adjourned at approximately 7:11 pm.

M. Andy Moore, Mayor

ATTEST:

Shannan L. Parrish, Town Clerk